

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 USIA-15
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 XMB-04 DOE-15 SOE-02 /139 W
-----073890 211908Z /47

R 211822Z MAR 78
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 3945
INFO AMEMBASSY LISBON
AMEMBASSY PARIS

UNCLAS SECTION 01 OF 03 MADRID 03096

PARIS FOR USOECD

E.O. 11652: N/A
TAGS: EFIN, ETRD, OECD, EALR, ECON, SP
SUBJECT: KEY SPANISH ECONOMIC STATISTICS - NUMBER 15

REF: MADRID 2383, MADRID A-46, MADRID A-49

1. COMMENT ON NEWEST SPANISH DATA: OVERALL, THE GOVERNMENT'S AUSTERITY PROGRAM IS SHOWING GOOD RESULTS. CONSUMER PRICES IN FEBRUARY WERE ONLY 0.8 PERCENT HIGHER THAN IN THE PREVIOUS MONTH, AND DURING THE FOUR MONTH PERIOD ENDING IN FEBRUARY PRICES ROSE AT AN ANNUAL RATE OF 12 PERCENT. THESE FIGURES COMPARE FAVORABLY WITH THE 26.4 PERCENT PRICE RISE DURING FULL-YEAR 1977 AND WITH THE MONCLOA PACT TARGET OF A 17 PERCENT PRICE INCREASE DURING 1978.

2. MONEY GROWTH HAS BEEN ERRATIC, PRINCIPALLY BECAUSE BANKS DO NOT NEED ALL THE LIQUIDITY THAT THE MONETARY AUTHORITY WANTS THEM TO ABSORB. ON THE AVERAGE THE GROWTH RATE HAS BEEN JUST BELOW THE 17 PERCENT GROWTH OF M3 THAT WAS TARGETED FOR 1978 IN THE MONCLOA PACT. IN RECENT
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MONTHS THE M3 MONEY SUPPLY GREW AT THE FOLLOWING SEASONALLY ADJUSTED, ANNUAL RATES: OCTOBER, 3.7 PERCENT; NOVEMBER, 26.7 PERCENT; DECEMBER, 10.7 PERCENT; AND JANUARY, 18.0 PERCENT.

3. IN SPITE OF A CLEARLY RESTRICTIVE MONETARY POLICY, THE WIDESPREAD BUSINESS FAILURES WHICH SOME WERE PREDICTING LAST YEAR HAVE NOT MATERIALIZED. THE MADRID STOCK MARKET

INDEX IS SLIPPING, AS IT HAS THROUGHOUT THE LAST THREE YEARS, AND INVESTMENT IS AT A LOW LEVEL, BUT THERE IS TOO LITTLE IN THE NEWEST STATISTICS TO JUSTIFY ANY EARLY REFLATION OF THE SPANISH ECONOMY.

4. ON THE EXTERNAL SIDE, IMPORTS HAVE STAGNATED WHILE EXPORTS HAVE GROWN. FOREIGN BORROWING HAS BEEN VERY ACTIVE, WITH TOTAL SPANISH EXTERNAL DEBT REACHING 14 BILLION DOLLARS AT THE END OF 1977. FOREIGN EXCHANGE RESERVES HAVE SWELLED RAPIDLY. AT THE END OF FEBRUARY RESERVES STOOD AT ALMOST 6.7 BILLION DOLLARS - A LEVEL LAST REACHED IN 1973. THERE IS, HOWEVER, A FLY IN THE OINTMENT. THE BANK OF SPAIN'S MONTHLY BOP CURRENT ACCOUNT DATA SHOW UNMISTAKABLY THAT THE EFFECTS OF LAST JULY'S PESETA DEVALUATION ARE LESS WITH EVERY PASSING MONTH.

5. 1977 IN STATISTICS: IN CABLE NO. 13 OF THIS SERIES WE LISTED SOME KEY STATISTICS FOR 1977, WITH COMPARABLE FIGURES FOR 1976 AND, WHERE APPROPRIATE, THE TARGET OR FORECAST FOR 1978. MANY OF THESE FIGURES WERE PROVISIONAL, SO WE HAVE UPDATED THEM:

- A. REAL GDP
- 1976: UP 1.7 PERCENT
- 1977: UP 2.4 PERCENT

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- 1978 FORECAST: UP 1.1 PERCENT
- B. CONSUMER PRICES
- 1976: UP 19.8 PERCENT
- 1977: UP 26.4 PERCENT
- 1978 TARGET: UP 17 PERCENT
- C. UNEMPLOYMENT
- 1976 (4TH QTR): 5.3 PERCENT
- 1977 (4TH QTR): 6.3 PERCENT
- 1978 PREDICTION: RISING UNEMPLOYMENT
- D. BOP CURRENT ACCOUNT DEFICIT (BILLIONS OF DOLLARS)
- 1976: 4.3
- 1977 (ESTIMATE): 2.5
- 1978 TARGET: LOWER THAN 1977
- E. INDUSTRIAL PRODUCTION TREND (NOTE : THIS INDEX SOMEWHAT OVERSTATES PERFORMANCE BECAUSE OF INFLATION)
- 1976: UP 13.2 PERCENT
- 1977 (1ST 10 MOS.): UP 9.2 PERCENT
- F. INVESTMENT IN PLANT AND EQUIPMENT
- 1976: DOWN 1.0 PERCENT
- 1977 (1ST 10 MOS.): DOWN 11.1 PERCENT
- 1978 PREDICTION: DECREASED INVESTMENT

- G. MADRID STOCK MARKET INDEX
- 1975: DOWN 20.2 PERCENT
- 1976: DOWN 29.6 PERCENT
- 1977: DOWN 32.7 PERCENT
- H. ANNUAL MONEY (M3) GROWTH
- 1976: 19.1 PERCENT
- 1977: 18.7 PERCENT
- 1978 TARGET: 17.0 PERCENT

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R 211822Z MAR 78
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 3946
INFO AMEMBASSY LISBON
AMEMBASSY PARIS

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PARIS FOR USOECD

6. A. OUTPUT AND DEMAND
- (1) INDUSTRIAL PRODUCTION (1962100)
 - INDEX
 - (12/76: 380.7; 6/77: 412.3)
 - NO NEW DATA
 - INDEX (TREND)
 - (12/76: 381.5; 6/77: 391.2)
 - NO NEW DATA
 - (2) INVESTMENT IN PLANT AND EQUIPMENT
 - INDEX (TREND) (1962100)
 - (12/76: 315.7; 6/77: 287.7)
 - NO NEW DATA
 - (3) DEPARTMENT STORE SALES, TREND INDEX (1963100)
 - (12/76: 1,474.4; 6/77: 1,605.8; 12/77: 1,737.1)
 - 7/77 1,623.4

- 8/77 1,636.1
- 9/77 1,650.6
- 10/77 1,686.1
- 11/77 1,711.6
- 12/77 1,737.1

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- (4) STEEL PRODUCTION (1000 METRIC TONS)
- (12/76: 930.5; 6/77: 961.4)
- 10/77 1,002.6
- 11/77 895.9
- (5) DOMESTIC CEMENT CONSUMPTION (1000 METRIC TONS)
- (12/76: 2,036; 6/77: 2,480)
- 10/77 2,436
- (6) DOMESTIC ELECTRICITY DEMAND (MILLION KWH)
- (12/76: 8,036.0; 6/77: 6,681.6; 12/77: 8,427.1)
- 12/77 8,427.1
- (7) MADRID STOCK MARKET INDEX (DEC 31, 1977-100)
- (WITH DEC 31, 1976: 100; DEC 30, 1977 67.29)
- MARCH 21, 1978 87.96
- (8) GDP DATA - MADRID A-46 CONTAINS THE MOST
- RECENT OFFICIAL GDP ESTIMATES FOR 1977. THE
- NEWEST ESTIMATE ACCOUNTS FOR THE SLOWDOWN IN
- DOMESTIC DEMAND, AND IN IMPORTS, WHICH
- OCCURRED IN THE FINAL MONTHS OF THE YEAR.

- B. PRICE INDEXES

- (1) CPI (JUNE 1976-100)
- (12/76: 107.9; 6/77: 122.3; 12/77: 136.4)
- 9/77 132.2
- 10/77 134.1
- 11/77 135.3
- 12/77 136.4
- 1/78 1.5 PERCENT
- 2/78 0.8 PERCENT

- (2) WPI (1955=100)
- (12/76: 416.3; 6/77: 448.5)
- NO NEW DATA

- C. MONEY

- (1) M1 (END OF MONTH, NOT SEAS. ADJUSTED)
- (BILLIONS OF PESETAS)

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- (12/76: 2,384.7; 6/77: 2,425.0; 12/77: 2,848.0)
- 12/77 2,848.0
- (2) M3 (END OF MONTH, NOT SEAS. ADJUSTED)
- (BILLIONS OF PESETAS)

- (12/76: 6,266.7; 6/77: 6,610.5; 12/77: 7,437.7
- 12/77 7,437.7
- (3) REPRESENTATIVE SHORT TERM INTEREST RATE (PERCE
- (12/76: 8.0; 6/77: 7.8; 12/77: 6.2)
- NO NEW DATA
- (4) REPRESENTATIVE LONG TERM INTEREST RATE (PERCEN
- (14.0 SINCE 1974)
- NO NEW DATA
- D. CENTRAL GOVERNMENT FISCAL RESULTS (NARROWLY DEFINED
- FOR NOS. 1-3 BELOW) (ALL DATA ARE BILLIONS OF
- PESETAS)
- (1) DEFICIT (-) OR SURPLUS
- (FIRST HALF 1977: -24.7)
- 8/77 8.9
- 9/77 14.0
- 10/77 0.5
- 11/77 4.5
- 12/77 38.9
- (2) EXPENDITURES
- (FIRST HALF 1977: 508.7)
- 8/77 93.1
- 9/77 84.5
- 10/77 106.7
- 11/77 111.8
- 12/77 137.0
- (3) REVENUES
- (FIRST HALF 1977: 483.0)
- 8/77 84.2
- 9/77 70.5
- 10/77 107.2

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- 11/77 107.2
- 12/77 176.0
- (4) NET GOVERNMENT FINANCE
- (FIRST HALF 1977: 195)
- 8/77 1.0
- 9/77 43.9
- 10/77 14.2
- 11/77 22.5
- 12/77 30.5
- E. LABOR
- (1) TOTAL WORKERS (MILLIONS)
- (4TH QTR 76: 13.2; 2ND QTR 77: 13.1; 4TH QTR 77: 13.3)
- NO NEW DATA
- (2) UNEMPLOYMENT PERCENTAGE
- (4TH QTR 76: 5.3; 2ND QTR 77: 5.2; 4TH QTR 77: 6.3)
- NO NEW DATA
- (3) EMIGRATION: NO NEW DATA
- (4) HOURLY WAGE INDEX (TREND) (1967100)

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- (12/76: 480.6; 6/77: 509.4)
- 12/76 480.6
- 1/77 482.4
- 2/77 488.7
- 3/77 494.2
- 4/77 501.1
- 5/77 506.5
- 6/77 509.4
- 7/77 522.1
- 8/77 532.3
- 9/77 542.5
- F. TRADE AND PAYMENTS
- (1) EXPORT VALUE (FOB) (MILLIONS OF DOLLARS)
- 2/78 (\$180.6) 1,097.8
- (2) IMPORT VALUE (CIF) (MILLIONS OF DOLLARS)
- 2/78 (\$180.6) 1,631.3
- (3) EXPORT VOLUME (MILLION METRIC TONS)
- 2/78 3.0
- (4) IMPORT VOLUME (MILLION METRIC TONS)
- 2/78 7.3
- (5) BOP CURRENT ACCOUNT (BEFORE ADDITION OF STANDARD RATIO ADJUSTMENTS) (MILLIONS OF DOLLARS)
- (1977 CURRENT ACCOUNT DEFICIT OFFICIALLY ESTIMATED AT 2,512 MILLION DOLLARS - SEE MADRI

- A-49)
- 12/78 (\$181.65) -229.4
- (6) FOREIGN EXCHANGE RESERVES (NET OF OBLIGATIONS;
- EXCLUDING NON-CONVERTIBLE CURRENCY) (MILLIONS
- OF DOLLARS)
- (12/76: 4,890.6; 6/77: 3,710.8; 12/77: 6,141.5
- 2/78 6,694.8
- (7) FOREIGN DEBT (BILLIONS OF DOLLARS)
- (SOURCE: RECENT DECLARATION OF MINISTER OF
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- FINANCE)
- DEC. 31, 1977:
- STATE DEBT 2.8
- PUBLIC ENTERPRISES 5.5
- PRIVATE SECTOR 5.7
- TOTAL FOREIGN DEBT 14.0
- (8) MADRID DOLLAR EXCHANGE RATE
- (AVERAGE OF OFFICIAL BUYING AND SELLING RATES)
MARCH 21, 1978 79.956 STABLER

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Message Attributes

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Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780343/aaaabkdu.tel
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Review Withdrawn Fields: n/a
SAS ID: 3257400
Secure: OPEN
Status: NATIVE
Subject: KEY SPANISH ECONOMIC STATISTICS - NUMBER 15
TAGS: EFIN, ETRD, EALR, ECON, SP, OECD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/21d060c3-c288-dd11-92da-001cc4696bcc
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